



Date: August 21, 2012

To: Thomas Bonfield, City Manager

From: Germaine Brewington, Director of Audit Services

Subject: Transmittal of Business License Unit Operations Performance Audit (June 2012)

Executive Summary

The Audit Services Department completed the report for the Business License Unit Operations Performance Audit dated June 2012. The purpose of the audit was to determine the extent to which controls and procedures are in place to support the accurate and effective billing and collection of City of Durham business license taxes.

Background

Revenue reported in the general ledger from business license taxes was approximately \$3,134,374 for fiscal year 2011 and approximately \$2,655,008 for fiscal year 2012 to date.

Business owners doing business within the City of Durham limits are subject to the business privilege license requirements set forth in the City's Code of Ordinances. The North Carolina General Assembly through Schedule B of the Revenue Act and the City of Durham through its City Code have authorized this requirement. The City of Durham's License and Privilege Tax Ordinance in accordance with North Carolina General Statutes, requires every business not specifically exempted to obtain a City of Durham privilege license, to pay the appropriate tax before engaging in any business activity within City limits. A Durham business privilege license must be purchased annually and is issued for a one-year period that begins July 1 and ends June 30 of the following year.

Issues and Analysis

The attached report details the objectives, observations, and results of the Business License Unit Operations Performance Audit dated June 2012.

Recommendation

The Department of Audit Services recommends the City Council receive and accept the Business License Unit Operations Performance Audit dated June 2012 as presented and approved at the August 27, 2012 Audit Services Oversight Committee meeting.

Attachment